



*United States Attorney
Southern District of New York*

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**FOUR CURRENT OR FORMER ERNST & YOUNG PARTNERS FOUND
GUILTY ON CRIMINAL TAX SHELTER CHARGES**

LEV L. DASSIN, the Acting United States Attorney for the Southern District of New York, LINDA STIFF, the Deputy Commissioner for Services and Enforcement of the Internal Revenue Service, and JOHN A. DiCICCO, the Acting Assistant Attorney General for the Tax Division of the Department of Justice, announced today that ROBERT COPLAN, MARTIN NISSENBAUM, RICHARD SHAPIRO, and BRIAN VAUGHN, each a current or former partner of the accounting firm Ernst & Young, were found guilty following a ten-week jury trial in Manhattan federal court on all counts, including conspiracy, tax evasion and other charges relating to the design, marketing and implementation of tax shelters sold by Ernst & Young ("E&Y").

According to the evidence at trial:

COPLAN, NISSENBAUM, SHAPIRO and VAUGHN, as members of E&Y's national individual tax shelter group, led an effort to design and market tax shelter transactions used by wealthy individuals to eliminate, reduce or defer tax liabilities on annual income that generally exceeded \$10 or \$20 million. Between 1999 and 2002, tax shelter transactions implemented by the defendants and their co-conspirators generated billions of dollars in non-economic or paper tax losses that were used to offset actual income or gain recognized by the firm's clients.

The defendants and their co-conspirators -- which included tax, accounting and financial industry professionals, and law firms -- worked to design, implement and defend the tax shelter transactions in ways intended to conceal the true facts and circumstances of the transactions from the IRS.

All four defendants were found guilty of one count of conspiracy relating to four tax shelters, and two counts of tax evasion relating to clients who used a tax shelter transaction

known as "CDS Add-On." In addition, COPLAN was found guilty of one count of obstructing the IRS and one count of making false statements to the IRS; NISSENBAUM was found guilty of one count of obstructing the IRS; and VAUGHN was found guilty of one count of making false statements to the IRS. Each of the conspiracy, tax evasion, and false statements counts carries a maximum sentence of five years in prison and three years of supervised release. Each obstruction count carries a maximum sentence of three years in prison and one year of supervised release. In addition, the defendants face on each count a maximum fine of the greatest of \$250,000 or twice the gross gain or loss derived from the offense.

ROBERT COPLAN, 57, of Plano, Texas, is a former E&Y tax partner who was the leader of the individual tax shelter group, and the former National Director of E&Y's Center for Wealth Planning. COPLAN, a lawyer, was at one time a Branch Chief in the IRS's Legislation and Regulations Division.

MARTIN NISSENBAUM, 54, of Brooklyn, New York, also a lawyer, is an E&Y partner who was a member of the tax shelter group and the National Director of E&Y's Personal Income Tax and Retirement Planning practice.

RICHARD SHAPIRO, 59, of Rye Brook, New York, also a lawyer, is an E&Y tax partner and was a member of the tax shelter group.

BRIAN VAUGHN, 41, of Calhoun, Louisiana, a Certified Public Accountant, is a former member of the tax shelter group and a former E&Y tax partner.

In related matters, CHARLES BOLTON, who was initially charged as a co-defendant with COPLAN, NISSENBAUM, SHAPIRO, and VAUGHN, pleaded guilty on January 22, 2009, to conspiracy to impede and impair the IRS. DAVID L. SMITH, the remaining defendant charged in the Indictment, has not been apprehended; and as to him the charges in the Indictment remain merely accusations and he is presumed innocent unless and until found guilty. In addition, PETER CINQUEGRANI, a former Arnold & Porter partner who provided opinion letters on E&Y tax shelters, pleaded guilty on September 11, 2008, to conspiracy to commit tax fraud, aiding and abetting tax evasion, and aiding in the submission of false and fraudulent documents to the IRS. And on June 14, 2007, BELLE SIX, a former E&Y employee who was involved primarily in sales and marketing, and later went to work for entities that implemented shelters for E&Y clients, pleaded guilty to conspiracy to commit tax fraud.

Mr. DASSIN praised the work of the Criminal Investigation Division of the Internal Revenue Service and the Department of Justice Tax Division in assisting in the investigation and prosecution of the case.

COPLAN, NISSENBAUM, SHAPIRO, and VAUGHN are scheduled to be sentenced on September 10, 2009, before United States District Judge SIDNEY H. STEIN, who presided over the trial.

Assistant United States Attorneys LAUREN GOLDBERG and MARSHALL A. CAMP, and Special Assistant United States Attorney JOHN E. SULLIVAN, from the Tax Division of the Department of Justice, are in charge of the prosecution.

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